

EXTENSIONS OF REMARKS

KEN BLACKWELL MAKES THE CASE FOR A FAIRER, SIMPLER TAX CODE

HON. STEVE CHABOT

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 8, 1996

Mr. CHABOT. Mr. Speaker, one of the best and most persuasive advocates of a fairer, simpler Tax Code is my good friend, former colleague on the Cincinnati City Council, and present treasurer of the State of Ohio, Ken Blackwell. Today, I would like to include in the CONGRESSIONAL RECORD an op-ed article written by Mr. Blackwell that appeared in the April 16, edition of the Wall Street Journal.

Mr. Blackwell, who has served as a member of the National Commission on Economic Growth and Tax Reform, chaired by former Congressman and HUD Secretary Jack Kemp, makes a very strong case on behalf of a Tax Code that should be so simple that anyone can figure it out. He notes the exorbitant costs incurred by individuals and businesses in complying with the maze of regulations in the Federal Tax Code.

Ken Blackwell calls filing our tax returns "one of life's most nerve-wracking, gut-wrenching and mind-numbing chores." Millions of Americans agree. I commend the article to my colleagues, and I commend Ken Blackwell for his continuing service to our Nation.

[From the Wall Street Journal, Apr. 16, 1996]

THERE'S NOTHING EZ ABOUT IRS FORMS

(By J. Kenneth Blackwell)

The message in that letter should be a loud wake-up call for the government. The American people, who experienced the misery of Tax Day yesterday, think our current tax system is far too complex and confusing. It is choking the ability of businesses and families to grow and prosper. It is time to uproot the current disgraceful system and replace it with a clear, simple tax code.

Mr. Sabus was one of thousands of people who sent letters to the National Commission on Economic Growth and Tax Reform, chaired by Jack Kemp. The commission, on which we both served, came up with six principles that should guide the national debate on tax reform. One of those principles is that the new tax code should be so simple that anyone can figure it out. Unfortunately, that guideline has been all but ignored by pundits and reporters who've been debating the merits of getting rid of the home-mortgage deduction and other aspects of the flat tax.

The point that they are missing is that much of the public's disgust with the current income tax is caused by its complexity. The cost of compliance is astronomical. The Tax Foundation estimates that in 1994 businesses spent more than 3.6 billion hours, and individuals spent more than 1.8 billion hours, in preparing tax returns. That equates to approximately three million people working full time 12 months a year just to comply with the tax laws! The total annual cost of tax compliance is \$192 billion—an amount equivalent to General Motors' entire output for 1994.

There are other costs that are not included in the Tax Foundation's numbers. One of

these is the cost of dealing with an audit or some other contact with the IRS. In 1990, the IRS conducted 1.2 million audits, and sent 4.9 million computer-generated notices to taxpayers regarding their returns or payments. The IRS filed 1.1 million liens and 2.6 million levies, and penalized a third of all employers for payroll tax deposit errors. Needless to say, taxpayers spent a considerable number of hours in these contacts with the IRS in addition to the time they spent preparing their tax returns.

Why does it take so much time and energy to comply with the federal income-tax laws? Consider the sheer size of the tax code and regulations and the number of times changes that occur. From 1954 to 1994, the number of words in the sections of the Internal Revenue Code relating just to income taxes increased to more than 800,000 from less than 200,000. And there were constant amendments to the tax code. Every amendment requires new forms, new instructions, new record keeping and new calculations.

Who can understand all of this? Certainly not the average family or small business. Not even professional tax preparers. Money magazine's annual survey of return preparers suggests that as few as 10% of the professional preparers can come within 10% of the correct tax when asked to complete a return for an individual taxpayer with moderately complicated facts. The tax code is so complicated that the IRS itself, according to a 1987 General Accounting Office survey, gives taxpayers the wrong information 47% of the time.

Critics of tax reform frequently suggest that the tax law is not that complicated because most individual taxpayers file the simplest returns, a Form 1040EZ or a Form 1040A. Unfortunately, even the simplest returns are not that simple. The IRS notes proudly that it should take taxpayers "only" two hours and 42 minutes to complete the 1040EZ. Why does it take so long to fill out a form that is just a little bigger than a postcard? The instructions for the 1040EZ are 36 pages long! And the instructions for the Form 1040A are 79 pages.

Furthermore, although taxpayers may end up filing a Form 1040EZ, many are still likely to keep (or try to keep) the records that would be necessary were they to file a longer form. For example, they may keep records of charitable contributions, mortgage interest, child care expenses, medical expenses, state and local taxes, tax return preparation fees, and work-related expenses such as union dues or professional association fees.

The problems with filling out tax returns are far more serious for businesses than for individuals. Each business must deal not only with the burdens of determining its tax liability, but also function as a record keeper and private tax collector for the IRS. Businesses must send the IRS (with copies to the taxpayer by first class mail) more than a billion reports annually. While this information is essential for our tax system to function, we must be cognizant of the costs imposed on businesses by such mandates.

As we said in the tax commission's report, filing tax returns will never be anyone's favorite pastime, but neither should it be what it has become: one of life's most nerve-wracking, gut-wrenching and mind-numbing chores. The current tax code is exceedingly expensive to comply with, increasingly dif-

ficult to enforce and oftentimes impossible to understand.

Long ago the authors of the Federalist Papers warned, "It will be of little avail to the people that the laws are made by men of their own choice if the laws be so voluminous that they cannot be read, or so incoherent that they cannot be understood." A simpler tax system will let Americans get a handle on their taxes, a grip on their government and a hold of their future.

HONORING THE MOSS VOLUNTEER FIRE DEPARTMENT

HON. BART GORDON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 8, 1996

Mr. GORDON. Mr. Speaker, I am taking this opportunity to applaud the invaluable services provided by the Moss Volunteer Fire Department. These brave, civic-minded people give freely of their time so we may all feel safer at night.

Few realize the depth of training and hard work that goes into being a volunteer firefighter. To quote one of my local volunteers, "These fireman must have an overwhelming desire to do for others while expecting nothing in return."

Preparation includes twice monthly training programs in which they have live drills, study the latest videos featuring the latest in fire fighting tactics, as well as attend seminars where they can obtain the knowledge they need to save lives. Within a year of becoming a volunteer firefighter, most attend the Tennessee Fire Training School in Murfreesboro where they undergo further, intensified training.

When the residents of my district go to bed at night, they know that should disaster strike and their home catch fire, well trained and qualified volunteer fire departments are ready and willing to give so graciously and generously of themselves. This peace of mind should not be taken for granted.

By selflessly giving of themselves, they ensure a safer future for us all. We owe these volunteer fire departments a debt of gratitude for their service and sacrifice.

CONGRESSMAN TOM CAMPBELL'S RELATIONSHIP WITH STANFORD UNIVERSITY

HON. TOM CAMPBELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 8, 1996

Mr. CAMPBELL. Mr. Speaker, in 1983, I commenced teaching at Stanford University. In 1987, I was awarded tenure in the law school as a full professor. I still maintain that position, though I am currently on leave. When I served in Congress from 1989 to 1993, I made my continued relationship with Stanford a matter of public record, and I wish to do so again.

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